

CENTERFIELD CITY
FINANCIAL STATEMENTS
JUNE 30, 2005

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
Centerfield City
Centerfield, Utah 84622

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Centerfield City as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Centerfield City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

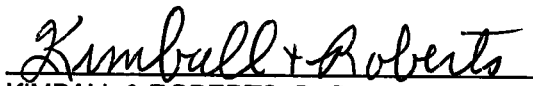
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Centerfield City as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2005, on our consideration of Centerfield City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 5 through 15, 46 through 48 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Honorable Mayor and City Council
Centerfield City

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Centerfield City's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements of Centerfield City. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



KIMBALL & ROBERTS, P. C.
Certified Public Accountants

October 7, 2005
Richfield, Utah

**CENTERFIELD CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2005**

This discussion of Centerfield City's financial performance provided an overview of the City's financial activities for the year ending June 30, 2005. This report is in conjunction with the City's financial statements.

The purpose of the City is to provide general services to its residents which includes general government, public safety, streets and highways and culture and recreation.

Financial Highlights

- * The assets of the City exceeded its liabilities as of the close of the most recent year by \$4,535,361 (net assets). Of this amount, \$428,532 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- * The government's total net assets increased by \$25,733. The revenues were less than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts in the general fund.
- * At the close of the current year, the City's governmental funds reported combined ending fund balances of \$397,083, an increase of \$83,795 in comparison with the prior year. Approximately 49 percent of this total amount, \$195,044 is available for spending at the government's discretion (unreserved fund balance).
- * At the end of the current year, unreserved fund balance for the general fund was \$130,044, or 35 percent of total general fund expenditures.
- * The City's total debt increased by \$149,942 during the current year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Centerfield City's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City include general government, public safety, streets and highways and culture and recreation. The business-type activities of the City are water, secondary water, sewer and sanitation operations.

Refer to the table of contents for the location of the government-wide financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of The City can be divided into two categories: governmental funds and enterprise funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital project fund and perpetual care fund. The general fund is considered to be a major fund. The other two funds are non-major funds.

The City adopts an annual appropriated budget for all its governmental funds. A budgetary comparison statements has been provided for the general fund.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Proprietary Funds

The City maintains four types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. A combining statement for these four funds is shown elsewhere in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, secondary water and sanitation, which are all considered to be a major funds of the City.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City.

The combining statements referred to earlier in connection with the non-major governmental funds and the major enterprise funds is presented immediately following the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$4,535,361 at the close of the most recent fiscal year. By far the largest portion of the City's net assets (83 percent) reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Centerfield City's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and Other Assets	400,117	317,204	397,573	411,967	797,690	729,171
Capital Assets	742,016	765,624	3,903,300	3,770,151	4,645,316	4,535,775
Total Assets	1,142,133	1,082,828	4,300,873	4,182,118	5,443,006	5,264,946
Liabilities and Net Assets:						
Long-Term Liabilities	133,687	-	749,824	742,912	883,511	742,912
Other Liabilities	3,034	3,916	21,100	4,713	24,134	8,629
Total Liabilities	136,721	3,916	770,924	747,625	907,645	751,541
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	611,016	765,624	3,151,983	3,025,746	3,762,999	3,791,370
Restricted	202,039	134,943	141,491	139,773	343,530	274,716
Unrestricted	192,057	174,568	236,475	268,974	428,532	443,542
Total Net Assets	1,005,112	1,075,135	3,529,949	3,434,493	4,535,061	4,509,628

A portion of the City's net assets (7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$428,532) may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental Activities

Governmental activities decreased the City's net assets by \$69,723.

Centerfield City's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program Revenues:						
Charges for Services	23,352	16,684	323,020	306,371	346,372	323,055
Operating Grants	83,327	70,560	-	-	83,327	70,560
Capital Grants	30,000	144,442	92,000	-	122,000	144,442
General Revenues:						
Property Taxes	21,053	18,327	-	-	21,053	18,327
Other Taxes	178,881	133,428	-	-	178,881	133,428
Impact Fees	-	-	17,430	13,419	17,430	13,419
Sale of Equipment	-	-	22,511	-	22,511	-
Interest Earnings	11,328	7,069	7,111	19,148	18,439	26,217
Total Revenues	347,941	390,510	462,072	338,938	810,013	729,448
Expenses:						
General Government	62,713	87,187	-	-	62,713	87,187
Public Safety	70,308	65,504	-	-	70,308	65,504
Streets and Highways	250,098	83,290	-	-	250,098	83,290
Culture and Recreation	32,545	23,414	-	-	32,545	23,414
Water, Sewer, Secondary and Sanitation	-	-	368,616	370,753	368,616	370,753
Total Expenses	415,664	259,395	368,616	370,753	784,280	630,148
Increase in Net Assets Before Transfers	(67,723)	131,115	93,456	(31,815)	25,733	99,300
Transfers	(2,000)	(32,000)	2,000	32,000	(2,000)	(32,000)
Increase in Net Assets	(69,723)	99,115	95,456	185	25,733	99,300
Net Assets - Beginning	1,075,135	976,020	3,434,493	3,434,308	4,509,628	4,410,328
Net Assets - Ending	1,005,412	1,075,135	3,529,949	3,434,493	4,535,361	4,509,628

- * The City received a capital grant from CDBG of \$40,000 and a loan of \$52,000 from Dept of Water Quality for water shares and test wells.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Several noteworthy exceptions, however, were the City's purchase of a backhoe \$57,500, Rhino for \$9,950 water shares of \$50,000 and construction in progress in the water fund of \$136,374 and \$41,355 in the general fund.

Business-Type Activities

Business-type activities increased the City's net assets by \$95,456 accounting for less than 61 percent of the total increase in the government's net assets. Key elements of this increase are as follows:

- * The revenues were less than the adopted budget amounts, and expenses were less than the adopted budget amounts.
- * The depreciation in the enterprise funds increased \$9,790 compared to the prior year.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the City's governmental funds reported combined ending fund balances of \$397,083, an increase of \$83,795 in comparison with the prior year. Approximately 49 percent of this amount (\$195,044) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund is *reserved* to indicate that it is not available for new spending because it has already been committed to: 1) Capital outlay for \$138,697, 2) perpetual care \$63,342.

The general fund is the chief operating fund of the City. At the end of the current year, unreserved fund balance of the general fund was \$130,044, while total fund balance reached \$185,345. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 35 percent of total general fund expenditures, while total fund balance also represents 35 percent of that same amount.

Proprietary Funds

The City's proprietary funds provides the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net assets of the water, sewer, secondary water and sanitation funds at the end of the year were \$236,475. Other factors concerning the finances of these funds has already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget of \$22,200 can be briefly summarized as follows:

- * \$22,200 increase in general government.
- * \$750 increase in highways and streets.
- * \$750 decrease in culture and recreation.

Of this increase, \$-0- was funded out of prior year unreserved fund balance. During the year, however, actual revenues were less than budgeted revenues by \$84,320 and actual expenditures were less than budgeted expenditures by \$29,019 resulting in a net decrease in fund balance of \$55,301.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental activities as of June 30, 2005, was \$742,016 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and infrastructure, which includes streets, sidewalks, curb and gutter and street lights.

The total increase in the City's investment in capital assets for the current year was \$41,355. Major capital asset event during the current year included the following:

- * Construction in progress - Old Rock Church \$41,355.

Centerfield City's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	50,550	50,550	200,000	200,000	250,550	250,550
Water Shares	-	-	394,800	344,800	394,800	344,800
Infrastructure	578,736	636,599	-	-	578,736	636,599
Buildings	39,900	41,350	-	-	39,900	41,350
Utility System	-	-	3,105,866	3,216,751	3,105,866	3,216,751
Equipment	31,475	37,125	66,260	8,600	97,735	45,725
Construction in Progress	41,355	37,125	136,374	8,600	177,729	45,725
Total	742,016	802,749	3,903,300	3,778,751	4,645,316	4,581,500

Additional information on the City's capital assets can be found in the notes to the financial statements.

Long -Term Debt

At the end of the current year, the City had total bonded debt outstanding of \$562,867. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds). Also, notes payable of \$186,957 for the secondary water system.

Centerfield City's Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenue Bonds	131,000	-	562,867	543,925	693,867	543,925
Notes Payable	-	-	186,957	198,987	186,957	198,987
Total Long-Term Debt	131,000	-	749,824	742,912	880,824	742,912

State statutes limit the amount of general obligation debt a governmental entity may issue to 12 percent of its total fair market value of taxable property in the City. The City has no general obligation debt.

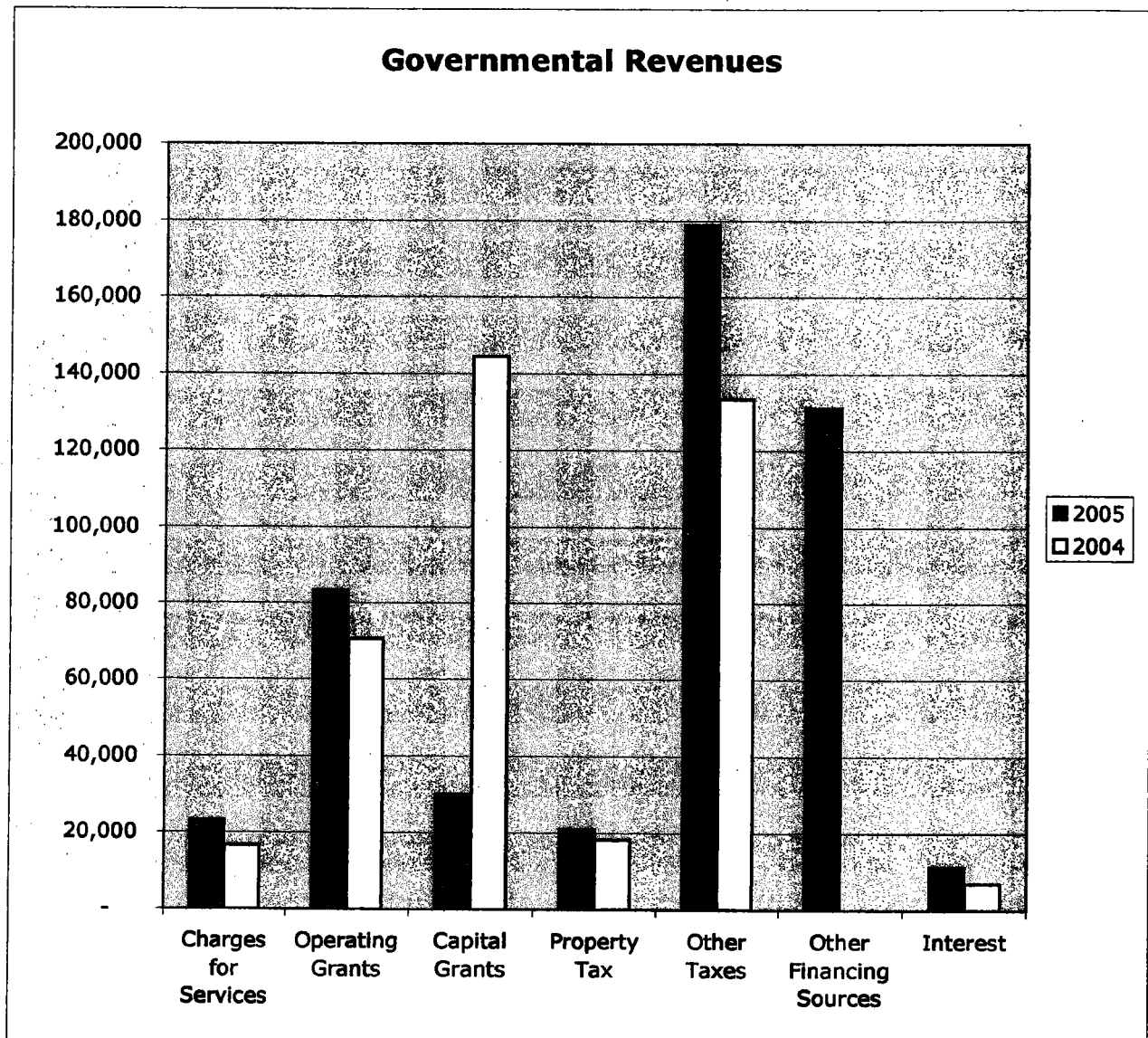
Additional information on the City's long-term debt can be found in the notes of the financial statements.

Request for Information

This financial report is designed to provide a general overview of Centerfield City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Centerfield City Recorder, P.O. Box 220200, Centerfield, Utah, 84622.

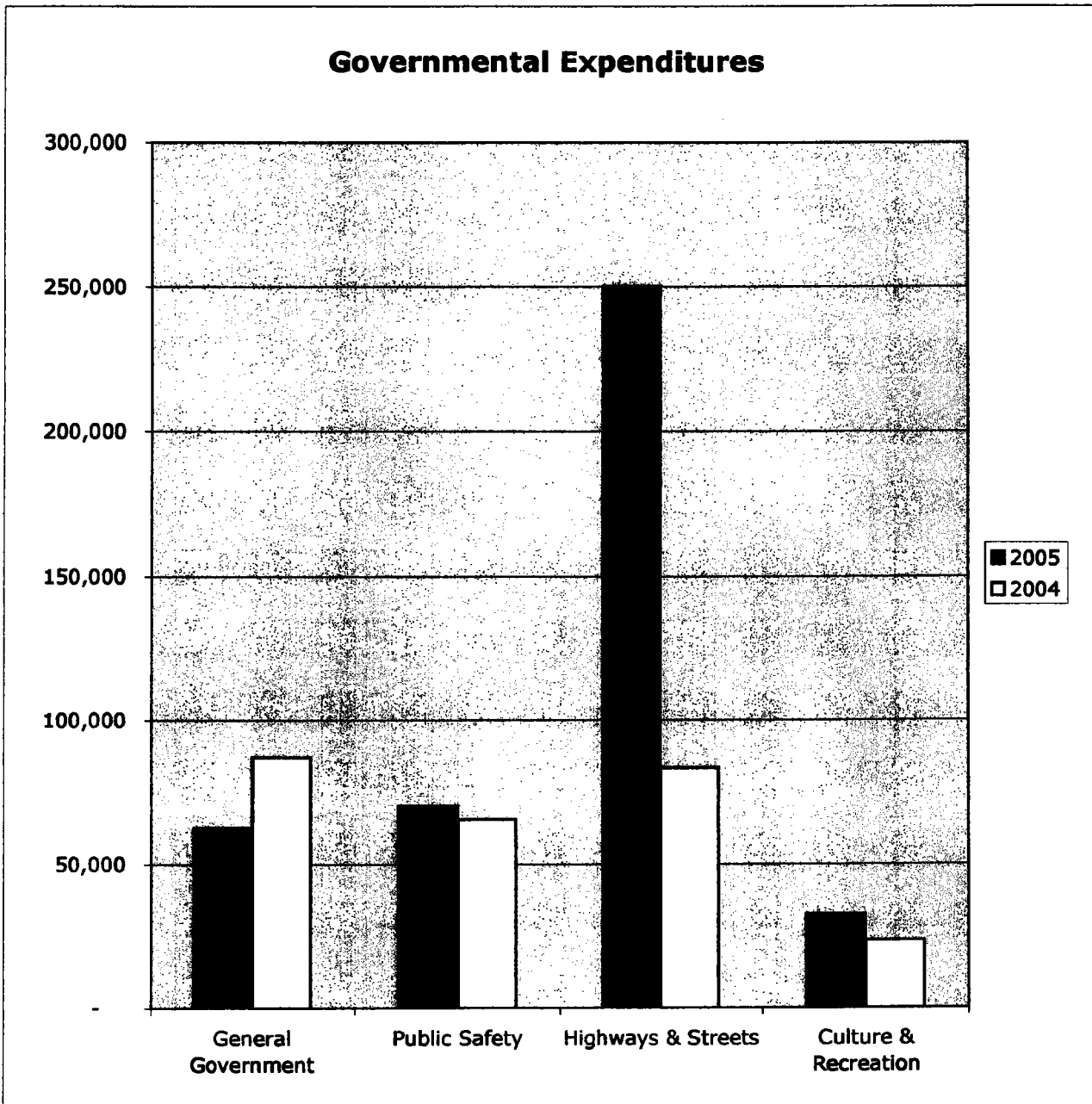
**Centerfield City
Governmental Revenues
For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
Charges for Services	23,352	16,684
Operating Grants	83,327	70,560
Capital Grants	30,000	144,442
Property Tax	21,053	18,327
Other Taxes	178,881	133,428
Other Financing Sources	131,000	
Interest	11,328	7,069
Total Revenues	478,941	390,510



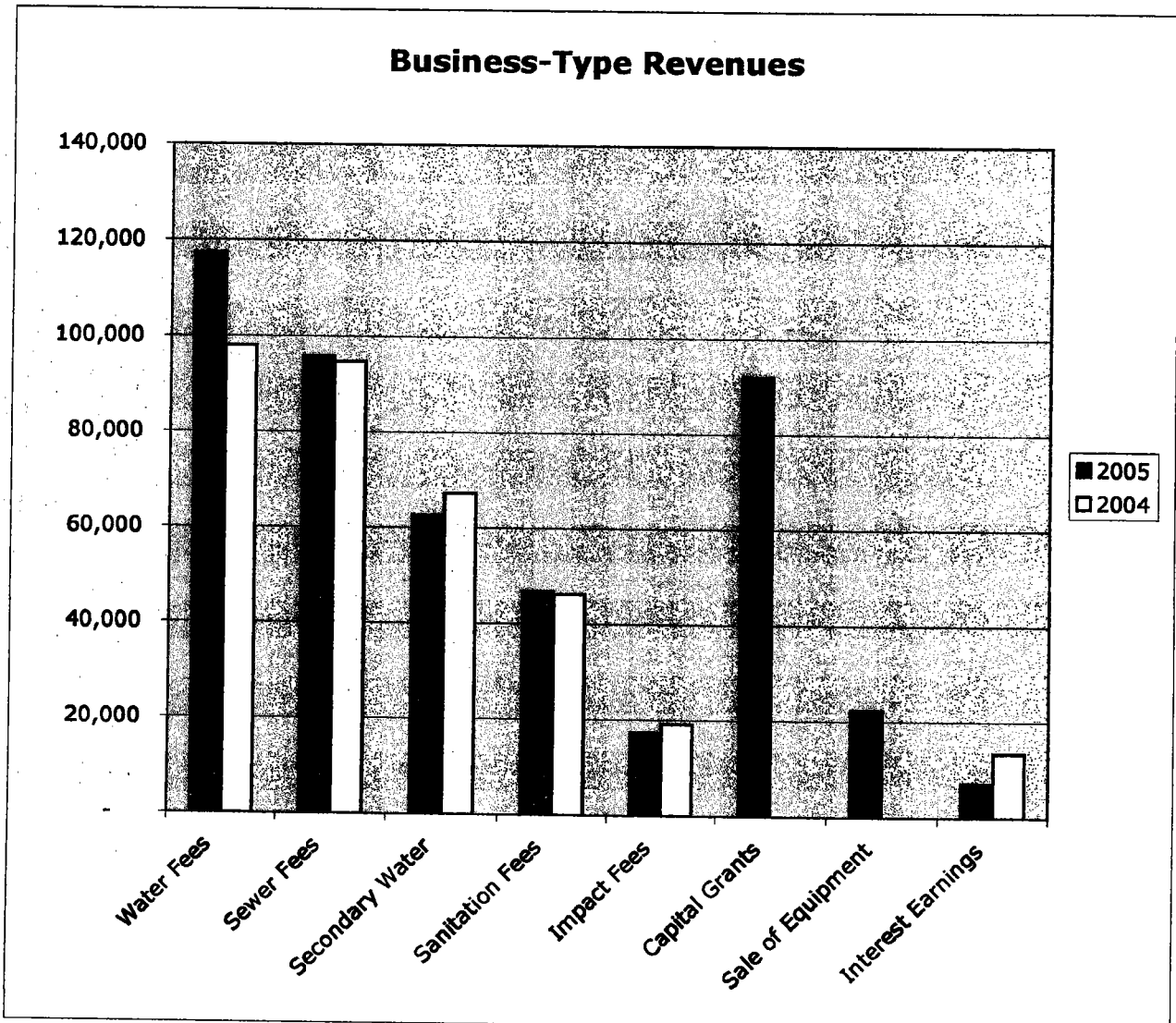
**Centerfield City
Governmental Expenditures
For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
General Government	62,713	87,187
Public Safety	70,308	65,504
Highways & Streets	250,098	83,290
Culture & Recreation	32,545	23,414
Total Expenditures	415,664	259,395



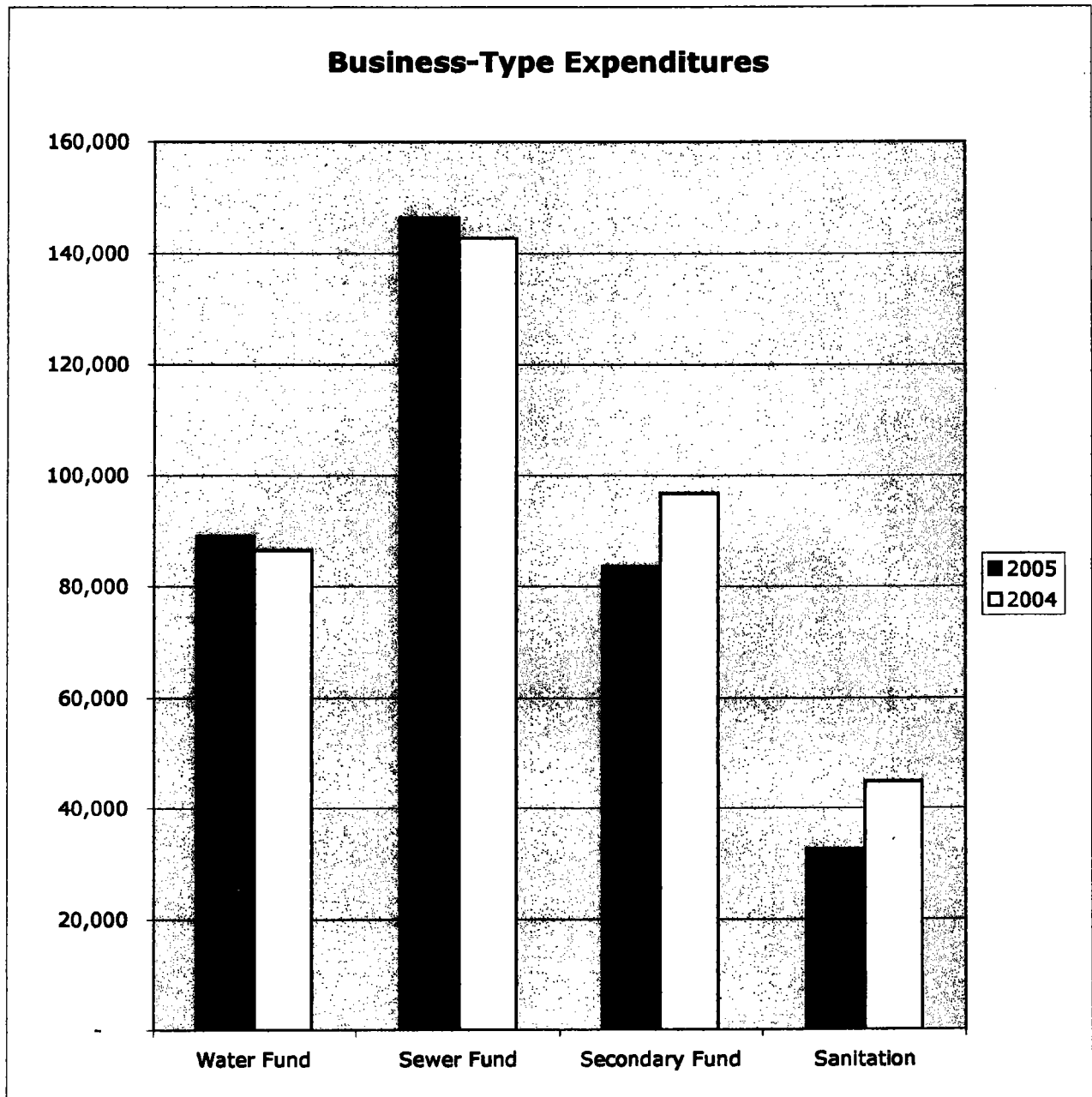
**Centerfield City
Business-Type Revenues
For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
Water Fees	117,386	97,990
Sewer Fees	95,900	94,769
Secondary Water	62,765	67,312
Sanitation Fees	46,969	46,300
Impact Fees	17,430	19,148
Capital Grants	92,000	
Sale of Equipment	22,511	
Interest Earnings	7,111	13,419
Total Revenues	462,072	338,938



**Centerfield City
Business Type Expenditures
For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
Water Fund	89,160	86,535
Sewer Fund	146,337	142,695
Secondary Fund	83,599	96,714
Sanitation	32,545	44,809
Total Expenditures	351,641	370,753



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BASIC FINANCIAL STATEMENTS

**CENTERFIELD CITY
STATEMENT OF NET ASSETS**

June 30, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	388,371	261,965	650,336
Accounts Receivable (Net)	1,183	45,608	46,791
Due From Other Government Units	10,563	-	10,563
Total Current Assets	400,117	307,573	707,690
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	90,000	90,000
Capital Assets (Net of Accumulated Depreciation):			
Land	50,550	250,000	300,550
Water Rights	-	344,800	344,800
Buildings	39,900	-	39,900
Utility Systems	-	3,105,866	3,105,866
Equipment	31,475	66,260	97,735
Infrastructure	578,736	-	578,736
Construction in Progress	41,355	136,374	177,729
Total Noncurrent Assets	742,016	3,993,300	4,735,316
TOTAL ASSETS	1,142,133	4,300,873	5,443,006
LIABILITIES			
Current Liabilities:			
Accounts Payable	3,034	19,607	22,641
Bond Interest Payable	-	1,493	1,493
Revenue Bonds Payable - Due Within One Year	-	45,543	45,543
Total Current Liabilities	3,034	66,643	69,677
Noncurrent Liabilities:			
Revenue Bonds Payable - More Than One Year	131,000	704,281	835,281
Compensated Absences	2,687	-	2,687
Total Noncurrent Liabilities	133,687	704,281	837,968
TOTAL LIABILITIES	136,721	770,924	907,645
NET ASSETS			
Investment in Capital Assets, Net of Debt	611,016	3,151,983	3,762,999
Restricted For:			
Bond Retirement	-	90,000	90,000
Impact Fees	-	51,491	51,491
Capital Outlay	138,697	-	138,697
Perpetual Care	63,342	-	63,342
Unrestricted	192,357	236,475	428,832
TOTAL NET ASSETS	1,005,412	3,529,949	4,535,361
TOTAL LIABILITIES AND NET ASSETS	1,142,133	4,300,873	5,443,006

The notes to the financial statements are an integral part of this statement.

**CENTERFIELD CITY
STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2005

Function/Programs Primary Government:	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets	
		Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions	
Governmental Activities:					
General Government	62,713	14,284	30,945	30,000	12,516
Public Safety	70,308	8,127	1,084	-	(61,097)
Streets and Highways	250,098	-	51,298	-	(198,800)
Culture and Recreation	32,545	941	-	-	(31,604)
Total Governmental Activities	415,664	23,352	83,327	30,000	(278,985)
Business-Type Activities:					
Water Fund	89,160	117,386	-	-	28,226
Sewer Fund	146,337	95,900	-	-	(50,437)
Secondary Water	83,599	62,765	-	-	(20,834)
Sanitation	49,520	46,969	-	-	(2,551)
Total Business-Type Activities	368,616	323,020	-	-	(45,596)
Total Primary Government	784,280	346,372	83,327	30,000	(324,581)
General Revenues:					
Property Taxes		21,053			21,053
Fee-In-Lieu of Property Taxes		7,471			7,471
Sales Taxes		92,964			92,964
Franchise Taxes		78,047			78,047
Perpetual Care		399			399
Sale of Equipment		-			22,511
Capital Grants		-			92,000
Impact Fees		11,328			17,430
Unrestricted Investment Earnings		(2,000)			7,111
Transfers					2,000
Total General Revenues and Transfers		209,262			141,052
Change in Net Assets		(69,723)			95,456
Net Assets - Beginning		1,075,135			3,434,493
Net Assets - Ending		1,005,412			3,529,949

The notes to the financial statements are an integral part of this statement.

**CENTERFIELD CITY
BALANCE SHEET
GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2005

	General Fund	Other Governmental Funds	Total
ASSETS			
Cash and Cash Equivalents	121,332	267,039	388,371
Accounts Receivable (Net)	1,183	-	1,183
Due From Other Government Units	10,563	-	10,563
TOTAL ASSETS	<u>133,078</u>	<u>267,039</u>	<u>400,117</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	3,034	-	3,034
Total Liabilities	<u>3,034</u>	<u>-</u>	<u>3,034</u>
Fund Balances:			
Reserved For:			
Capital Outlay		138,697	138,697
Perpetual Care	-	63,342	63,342
Unreserved, Reported In:			
General Fund	130,044	-	130,044
Capital Project Fund	-	65,000	65,000
Total Fund Balance	<u>130,044</u>	<u>267,039</u>	<u>397,083</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>133,078</u>	<u>267,039</u>	<u>400,117</u>

The notes to the financial statements are an integral part of this statement.

CENTERFIELD CITY
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS

June 30, 2005

Total Fund Balances - Governmental Fund Types	397,083
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	50,550	
Buildings	39,900	
Equipment	31,475	
Infrastructure	578,736	
Construction in Progress	<u>41,355</u>	
Total		742,016

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Bonds Payable	(131,000)	
Compensated Absences	<u>(2,687)</u>	
Total		<u>(133,687)</u>

Net Assets of Government Activities	<u><u>1,005,412</u></u>
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CENTERFIELD CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For The Fiscal Year Ended June 30, 2005

	General Fund	Other Governmental Funds	Total
Revenues:			
Taxes	199,535	-	199,535
Licenses and Permits	3,872	-	3,872
Intergovernmental Revenue	83,327	-	83,327
Charges for Services	9,068	-	9,068
Interest	11,328	-	11,328
Miscellaneous Revenues	10,215	30,596	40,811
Total Revenues	<u>317,345</u>	<u>30,596</u>	<u>347,941</u>
Expenditures:			
Current:			
General Government	62,378	-	62,378
Public Safety	69,183	-	69,183
Streets and Highways	188,485	-	188,485
Culture and Recreation	31,745	-	31,745
Capital Outlay	18,855	22,500	41,355
Total Expenditures	<u>370,646</u>	<u>22,500</u>	<u>393,146</u>
Excess Revenues Over (Under) Expenditures	<u>(53,301)</u>	<u>8,096</u>	<u>(45,205)</u>
Other Financing Sources (Uses):			
Bond Proceeds	-	131,000	131,000
Transfers Out	(2,000)	-	(2,000)
Total Other Financing	<u>(2,000)</u>	<u>131,000</u>	<u>129,000</u>
Net Change In Fund Balance	(55,301)	139,096	83,795
Fund Balance - Beginning	<u>185,345</u>	<u>127,943</u>	<u>313,288</u>
Fund Balance - Ending	<u><u>130,044</u></u>	<u><u>267,039</u></u>	<u><u>397,083</u></u>

The notes to the financial statements are an integral part of this statement.

CENTERFIELD CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Fiscal Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities
are different because:

Net Changes in Fund Balances - Total Governmental Funds	83,795
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Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense. This is the
amount by which capital outlays exceeded depreciation in the current period:

Capital Outlays	41,355	
Depreciation Expense	<u>(64,963)</u>	
Total		(23,608)

Some revenues reported in the statement of activities do not provide
current financial resources and, therefore, are not reported as revenues
in governmental funds:

Revenue Bonds	(131,000)
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Some expenses reported in the statement of activities do not require the use
of current financial resources and, therefore, are not reported as expenditures
in governmental funds:

Reduction in Compensated Absences	<u>1,090</u>
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Changes In Net Assets of Governmental Activities	<u><u>(69,723)</u></u>
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**CENTERFIELD CITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

June 30, 2005

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Secondary Water Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	185,681	76,284	-	-	261,965
Accounts Receivable	20,604	12,443	6,345	6,216	45,608
Due from Other Funds	42,582	-	-	-	42,582
Total Current Assets	<u>248,867</u>	<u>88,727</u>	<u>6,345</u>	<u>6,216</u>	<u>350,155</u>
Noncurrent Assets:					
Cash and Cash Equivalents - Restricted:					
Bond Reserves	-	90,000	-	-	90,000
Capital Assets: (Net of Accum. Depr.)					
Land	-	-	250,000	-	250,000
Water Rights	-	-	344,800	-	344,800
Improvements Other Than Buildings	550,430	2,002,186	573,700	-	3,126,316
Equipment	37,610	26,650	2,000	-	66,260
Construction in Progress	136,374	-	-	-	136,374
Total Noncurrent Assets	<u>703,964</u>	<u>2,118,836</u>	<u>1,170,500</u>	<u>-</u>	<u>3,993,300</u>
TOTAL ASSETS	<u>952,831</u>	<u>2,207,563</u>	<u>1,176,845</u>	<u>6,216</u>	<u>4,343,455</u>
LIABILITIES:					
Current Liabilities:					
Accounts Payable	17,829	319	317	1,142	19,607
Due to Other Funds	-	-	40,231	2,351	42,582
Bond Interest Payable	-	-	1,493	-	1,493
Bonds Payable - Due Within One Year	-	33,152	12,391	-	45,543
Total Current Liabilities	<u>17,829</u>	<u>33,471</u>	<u>54,432</u>	<u>3,493</u>	<u>109,225</u>
Noncurrent Liabilities:					
Bonds Payable - More Than One Year	52,000	477,715	174,566	-	704,281
Total Noncurrent Liabilities	<u>52,000</u>	<u>477,715</u>	<u>174,566</u>	<u>-</u>	<u>704,281</u>
TOTAL LIABILITIES	<u>69,829</u>	<u>511,186</u>	<u>228,998</u>	<u>3,493</u>	<u>813,506</u>
NET ASSETS:					
Capital Assets, Net of Related Debt	651,964	1,517,969	982,050	-	3,151,983
Restricted For:					
Bond Reserves	-	90,000	-	-	90,000
Impact Fees	24,931	26,560	-	-	51,491
Unrestricted	206,107	61,848	(34,203)	2,723	236,475
TOTAL NET ASSETS	<u>883,002</u>	<u>1,696,377</u>	<u>947,847</u>	<u>2,723</u>	<u>3,529,949</u>
TOTAL LIABILITIES AND NET ASSETS	<u>952,831</u>	<u>2,207,563</u>	<u>1,176,845</u>	<u>6,216</u>	<u>4,343,455</u>

The notes to the financial statements are an integral part of this statement.

CENTERFIELD CITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND TYPES

June 30, 2005

	Water Fund	Sewer Fund	Secondary Water Fund	Sanitation Fund	Total
Operating Revenues:					
Charges for Sales and Services:					
Water	114,256	-	-	-	114,256
Secondary Water	-	-	41,822	-	41,822
Sewer	-	91,500	-	-	91,500
Sanitation	-	-	-	46,969	46,969
Other	-	-	18,543	-	18,543
Connection Fees	3,130	4,400	2,400	-	9,930
	<u>117,386</u>	<u>95,900</u>	<u>62,765</u>	<u>46,969</u>	<u>323,020</u>
Total Operating Revenues					
Operating Expenses:					
Salaries and Wages	21,193	21,193	21,193	-	63,579
Employee Benefits	8,750	8,750	8,910	-	26,410
Utilities	2,504	3,091	1,305	-	6,900
Materials, Supplies and Services	25,119	23,090	16,874	-	65,083
Professional Services	7,054	2,116	6,347	-	15,517
Sanitation	-	-	-	49,520	49,520
Depreciation	24,540	73,535	23,000	-	121,075
	<u>89,160</u>	<u>131,775</u>	<u>77,629</u>	<u>49,520</u>	<u>348,084</u>
Total Operating Expenses					
Operating Income	<u>28,226</u>	<u>(35,875)</u>	<u>(14,864)</u>	<u>(2,551)</u>	<u>(25,064)</u>
Nonoperating Revenues (Expenses):					
Impact Fees	6,865	10,565	-	-	17,430
State Grants	52,000	-	-	-	52,000
Federal Grant	-	-	40,000	-	40,000
Sale of Equipment	11,256	11,255	-	-	22,511
Interest Earnings	4,960	2,151	-	-	7,111
Interest Expense	-	(14,562)	(5,970)	-	(20,532)
	<u>75,081</u>	<u>9,409</u>	<u>34,030</u>	<u>-</u>	<u>118,520</u>
Total Nonoperating Revenues (Expenses)					
Income Before Transfers	103,307	(26,466)	19,166	(2,551)	93,456
Transfers In	-	-	-	2,000	2,000
Change in Net Assets	103,307	(26,466)	19,166	(551)	95,456
Total Net Assets - Beginning	<u>779,695</u>	<u>1,722,843</u>	<u>928,681</u>	<u>3,274</u>	<u>3,434,493</u>
Total Net Assets - Ending	<u>883,002</u>	<u>1,696,377</u>	<u>947,847</u>	<u>2,723</u>	<u>3,529,949</u>

The notes to the financial statements are an integral part of this statement.

**CENTERFIELD CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

June 30, 2005

	Water Fund	Sewer Fund	Secondary Water Fund	Sanitation Fund	Total
Cash Flows From Operating Activities:					
Receipts From Customers	109,231	94,894	61,534	46,484	312,143
Payments to Suppliers	(26,533)	(37,144)	(33,852)	(49,514)	(147,043)
Payments to Employees	(21,193)	(21,193)	(21,193)	-	(63,579)
Net Cash Provided by Operating Activities	61,505	36,557	6,489	(3,030)	101,521
Cash Flows from Noncapital Financing Activities:					
Transfer From Other Funds	-	-	-	2,000	2,000
Transfer To Cover Overdraft	(42,582)	-	40,231	2,351	-
Net Cash Provided by Noncapital Financing Activities	(42,582)	-	40,231	4,351	2,000
Cash Flows From Capital and Related Financing Activities:					
Capital Grants	52,000	-	40,000	-	92,000
Loan Proceeds	52,000	-	-	-	52,000
Principal Payment on Capital Debt	-	(33,058)	(12,030)	-	(45,088)
Interest Payment on Capital Debt	-	(14,562)	(5,970)	-	(20,532)
Net Cash Used For Capital and Related Financing Activities	104,000	(47,620)	22,000	-	78,380
Cash Flows from Investing Activities:					
Interest Received	4,760	1,951	-	-	6,711
Impact Fees	6,865	10,565	-	-	17,430
Sale of Equipment	11,256	11,255	-	-	22,511
Construction in Progress	(136,374)	-	-	-	(136,374)
Capital Outlay	(38,700)	(28,750)	(50,000)	-	(117,450)
Net Cash Used in Investing Activities	(152,193)	(4,979)	(50,000)	-	(207,172)
Increase (Decrease) Cash and Cash Equivalents	(29,270)	(16,042)	18,720	1,321	(25,271)
Cash and Cash Equivalents - Beginning	214,951	182,326	(18,720)	(1,321)	377,236
Cash and Cash Equivalents - Ending	185,681	166,284	-	-	351,965
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:					
Operating Income	28,226	(35,875)	(14,864)	(2,551)	(25,064)
Adjustments to Reconcile Operating Income To Net Cash Provided By Operating Activities:					
Depreciation	24,540	73,535	23,000	-	121,075
Increase (Decrease) in Operating Assets:					
Accounts Receivable	(8,155)	(1,006)	(1,231)	(485)	(10,877)
Accrued Liabilities	16,894	(97)	(416)	6	16,387
Total Adjustments	33,279	72,432	21,353	(479)	126,585
Net Cash Provided (Used) by Operating Activities	61,505	36,557	6,489	(3,030)	101,521

The notes to the financial statements are an integral part of this statement.

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Centerfield City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2005.

The following is a summary of the more significant policies:

A. Reporting Entity

Centerfield City is a municipal corporation in Sanpete County, Utah. It is governed by an elected Mayor and a five member council. As required by generally accepted accounting principles, these financial statements are of the primary government, Centerfield City, the reporting entity. The City has no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Centerfield City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Government also reports the following Other Governmental Funds:

Capital Projects Fund accounts for revenue sources that are restricted to expenditures for specific purposes.

The Municipal Building Authority Fund which accounts for the construction of major fixed assets then leased to the City for City purposes.

The Perpetual Care Permanent Fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the cemetery.

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Government reports the following Proprietary Funds:

The Proprietary Fund accounts for the activities of the water, sewer, secondary water and sanitation fund operations. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utilities are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Buildings	40 Years
Equipment	10 Years
Water System	50 Years

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

E. Budgets and Budgetary Accounting:

The governing body of the entity shall establish the time and place of the public hearing to consider the adoption of the budget and shall publish notice of the hearing at least seven days prior to the hearing (no time period given for Cities) in at least one issue of the newspaper of general circulation published within the County in which the entity is located. If no such newspaper is published, the required notice may be posted in three public places within the entity's jurisdiction.

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The tentative budget must be made available to the public for inspection for a number of days, as provided by law, prior to the budget hearing.

1. On or before the first regularly scheduled meeting of the City Council in the month of May, the mayor prepares a tentative budget for the next budget year.
2. After a public notice has been published, a public hearing is then held on the adoption of the budget.
3. After the public hearing, the City Council makes final adjustments to the tentative budget.
4. On or before June 22, the City Council adopts the budget by resolution or ordinance and sets the tax rate for taxes.
5. The budget officer may transfer unexpended budgeted amounts within departments.
6. The City Council may transfer unexpended budgeted amounts from one department in a fund to another department in the same fund by resolution.
7. The total budget appropriation of any governmental fund may be increased only after a public hearing has been held and followed by resolution of the City Council.
8. Proprietary Fund budgets may be increased without a public hearing by resolution of the City Council.
9. Budgets for the General fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The appropriated budget is prepared by fund, function and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgetary control is the department level.

The Fiscal Procedures Act for Utah Cities require local municipalities to restrict expenditures to authorized departmental budgets. The combined statement of revenues, expenditures and changes in fund balance - budget and actual identifies the departments and funds which have overexpended budgeted amounts if any and, therefore, do not comply with appropriate fiscal procedures.

**CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Property Tax Calendar:

- | | |
|-------------|--|
| January 1 | Lien Date - All property appraised based upon situs and status as of this date (real and personal). |
| March 1 | Calendar year taxing entities must inform the County of the date, time and place of the budget hearing for the next fiscal year for inclusion with tax notice. |
| June 22 | All taxing entities to adopt tentative budgets and proposed tax rates and report them to the county auditor. |
| July 22 | County auditor to prepare and mail Notice of Valuation and Tax Changes to all real property owners, including centrally assessed property owners or in the event that Notices of Valuation and Tax Changes are not required, the county auditor is to compute taxes and the county treasurer is to mail tax notices. |
| September 1 | State Tax Commission approves tax rates. |
| November 1 | County auditor is to deliver the equalized assessment roll to the county treasurer with affidavit. |
| November 1 | County auditor to charge the county treasurer to account for all taxes levied. |
| November 1 | County treasurer to mail tax notices. Tax notices for calendar year entities include notice of budget hearings. |
| November 30 | Taxes on real property become delinquent. |

G. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 2 - DEPOSITS AND INVESTMENTS

Cash and investments as of June 30, 2005 consist of the following:

	<u>Fair Value</u>
Demand Deposits - Checking	80,408
Investment - PTIF	<u>659,928</u>
Total Cash and Investments	<u><u>740,336</u></u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities	388,371
Business-Type Activities - Unrestricted	261,965
Business-Type Activities - Restricted	<u>90,000</u>
Total Cash and Cash Equivalents	<u><u>740,336</u></u>

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that City funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invest in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

**CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposit and Investment Risk:

The City maintains no investment policy containing any specific provisions intended to limit the City's exposure to interest rate risk, credit risk and concentration of credit risk other than that imposed by UMMA. The City's compliance with the provisions of UMMA addressed each of these risks.

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investment of the City are available immediately.

Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. All of the City's demand deposits are covered by FDIC insurance.

Custodial credit risk for investment is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

Concentration of Credit Risk:

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

NOTE 3 - BOND RESERVES

Series 1991 "A", Parity Sewer Revenue Bond Fund:

Monthly deposits of \$2,334.00 to a Maximum of \$28,000.

Balance at June 30, 2005. 28,000.00

Series 1991 "A", Reserve Fund:

Monthly deposits of \$389.00 to a Maximum of \$28,000.

Balance at June 30, 2005. 28,000.00

Series 1991 "B", Reserve Fund:

Monthly deposits of \$164.21 to a Maximum of \$19,704.80.

Balance at June 30, 2005. 20,000.00

Series 1991 "A", Emergency Repair and Replacement Fund:

Monthly deposits of \$195.00 to a Maximum of \$14,000.00.

Balance at June 30, 2005. 14,000.00

Total Bond Reserves

90,000.00

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 4 - ACCOUNTS RECEIVABLE - UTILITY FUND

Accounts receivable represents amounts owed the City by residents for utility billings through June 30, 2005.

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	38,550	-	-	38,550
Land Related to Infrastructure	12,000	-	-	12,000
Construction In Progress	-	41,355	-	41,355
 Total Capital Assets Not Being Depreciated	 50,550	 41,355	 -	 91,905
 Capital Assets Being Depreciated:				
Buildings	68,000	-	-	68,000
Equipment	98,000	-	-	98,000
Infrastructure	1,157,250	-	-	1,157,250
 Total Capital Assets Being Depreciated	 1,323,250	 -	 -	 1,323,250
 Less Accumulated Depreciation For:				
Buildings	26,650	1,450	-	28,100
Equipment	60,875	5,650	-	66,525
Infrastructure	520,651	57,863	-	578,514
 Total Accumulated Depreciation	 608,176	 64,963	 -	 673,139
 Total Capital Assets Being Depreciated (Net)	 715,074	 (64,963)	 -	 650,111
 Governmental Activities Capital Assets, Net	 765,624	 (23,608)	 -	 742,016

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 5 - CAPITAL ASSETS CONTINUED)

	Beginning Balance	Additions	Deletions	Ending Balance
Business Type Activities:				
Capital Assets Not Being Depreciated:				
Land	200,000	-	-	200,000
Water Stock	344,800	50,000	-	394,800
Construction In Progress	-	136,374	-	136,374
 Total Capital Assets Not Being Depreciated	 544,800	 186,374	 -	 731,174
 Capital Assets Being Depreciated:				
Utility Systems	4,234,066	-	-	4,234,066
Equipment	24,800	67,450	2,800	89,450
 Total Capital Assets Being Depreciated	 4,258,866	 67,450	 2,800	 4,323,516
 Less Accumulated Depreciation For:				
Utility Systems	1,021,315	106,885	-	1,128,200
Equipment	11,800	14,190	2,800	23,190
 Total Accumulated Depreciation	 1,033,115	 121,075	 2,800	 1,151,390
 Total Capital Assets Being Depreciated (Net)	 3,225,751	 (53,625)	 -	 3,172,126
 Business Type Activities Capital Assets, Net	 3,770,551	 132,749	 -	 3,903,300
 Total Capital Assets	 4,536,175	 109,141	 -	 4,645,316

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 5 - CAPITAL ASSETS CONTINUED)

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
General Government	1,425	-	1,425
Public Safety	1,125	-	1,125
Public Health	-	121,075	121,075
Highways and Public Improvements	61,613	-	61,613
Culture and Recreation	800	-	800
	<u>64,963</u>	<u>121,075</u>	<u>186,038</u>
Total Depreciation Expense			

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable represent monies owed to various vendors at June 30, 2005, for materials and services.

NOTE 7 - LONG-TERM DEBT

Governmental Long-Term Debt:

Compensated Absences:

Compensated absences of Centerfield City represent accrued vacation pay owed at June 30, 2005, in the amount of \$2,687.

The following is a schedule of changes in compensated absences:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Compensated Absences	<u>3,777</u>	<u>-</u>	<u>1,090</u>	<u>2,687</u>

Series 2005 Bonds:

During the year the City obtained financing for the purpose of remodeling the old church house next to the City hall for \$131,000. The terms of the loan require yearly payments with no interest on April 1 of each year beginning in 2007.

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a schedule of debt service to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	-	-	-
2007	6,000	-	6,000
2008	6,000	-	6,000
2009	6,000	-	6,000
2010	6,000	-	6,000
2011-2015	30,000	-	30,000
2016-2020	35,000	-	35,000
2021-2025	35,000	-	35,000
2026-2030	7,000	-	7,000
	<u>131,000</u>	<u>-</u>	<u>131,000</u>

Proprietary Long-Term Debt:

Notes Payable - Gunnison Irrigation Company:

On May 4, 1999, Centerfield City obtained financing from Gunnison Irrigation Company for the purpose of constructing a secondary water system within Centerfield City. These monies are an allocation of monies obtained by the Gunnison Irrigation company from the Utah State Department of Natural Resources Division of Water Resources. The terms of the contract call for yearly payments including interest at 3%. The balance at June 30, 2005, was \$186,957.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-2006	12,391	5,609	18,000
2006-2007	12,763	5,237	18,000
2007-2008	13,133	4,867	18,000
2008-2009	13,540	4,460	18,000
2009-2010	13,946	4,054	18,000
2011-2015	76,254	13,746	90,000
2016-2020	44,930	2,534	47,464
Total	<u>186,957</u>	<u>40,507</u>	<u>227,464</u>

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Bonds Payable - Rural Development:

During 1991 the City obtained funding for the construction of a sewer system. Bonds were issued in the amount of \$337,000 to Rural Development. Terms of the loan require monthly payments of \$1,635 including interest at 5%. The balance of the loan at June 30, 2005, was \$286,867.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-2006	5,152	14,468	19,620
2006-2007	5,409	14,211	19,620
2007-2008	5,680	13,940	19,620
2008-2009	5,964	13,656	19,620
2009-2010	6,262	13,358	19,620
2011-2015	36,533	61,767	98,300
2016-2020	46,371	51,729	98,100
2021-2025	59,182	38,918	98,100
2026-2030	75,533	22,567	98,100
2031-2035	40,781	3,475	44,256
Total	<u>286,867</u>	<u>248,089</u>	<u>534,956</u>

Bonds Payable - Utah Wastewater Pollution Control Board:

During 1991 the City obtained additional financing for the construction of a sewer system. Bonds were issued to the Utah Wastewater Pollution Control Board. The terms of the loan requires yearly payments of \$28,000 with no interest. The balance of the loan at June 30, 2005 was \$224,000.

The following is summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-2006	28,000	-	28,000
2006-2007	28,000	-	28,000
2007-2008	28,000	-	28,000
2008-2009	28,000	-	28,000
2009-2010	28,000	-	28,000
2011-2015	84,000	-	84,000
Total	<u>224,000</u>	<u>-</u>	<u>224,000</u>

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Bonds Payable - Department of Environmental Quality:

During issued bonds in the amount of \$52,000 through the Department of Environmental Quality. The first payment is due in 2010 with interest at 2.36%.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-2006	-	-	-
2006-2007	-	-	-
2007-2008	-	-	-
2008-2009	-	-	-
2009-2010	10,400	1,227	11,627
2011-2015	41,600	2,454	44,054
	<u>52,000</u>	<u>3,681</u>	<u>55,681</u>
Total			

The following is a summary of total long-term debt to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-2006	45,543	20,077	65,620
2006-2007	52,173	19,447	71,620
2007-2008	52,813	18,807	71,620
2008-2009	53,504	18,116	71,620
2009-2010	64,608	18,116	82,724
2011-2015	268,386	79,465	347,851
2016-2020	126,301	58,305	184,606
2021-2025	94,182	41,737	135,919
2026-2030	82,533	26,163	108,696
2031-2035	40,781	6,480	47,261
	<u>880,824</u>	<u>306,713</u>	<u>1,187,537</u>
Total			
Current Portion	45,543		
Long-Term Portion	835,281		
	<u>880,824</u>		
Total			

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a schedule of changes in bonds payable at June 30, 2005:

	Date Issued	Interest Rate	Total Issued	Outstanding June 30, 2004	Current Year Changes		Outstanding June 30, 2005
					Issued	Matured	
Governmental:							
Bonds Payable - Series 2005	2005	0%	131,000	-	131,000	-	131,000
Proprietary:							
Note Payable:							
Gunnison Irrigation Co.	1999	3%	304,396	198,987	-	12,030	186,957
Bond Issues:							
Sewer - Rural Development Loan - FHA	1991	5%	337,800	291,925	-	5,058	286,867
Sewer - Utah Wastewater Pollution Control	1991	-	557,450	252,000	-	28,000	224,000
Water - Department of Environmental Quality	2005	-	52,000	-	52,000	-	52,000
Total Bonds Payable			947,250	543,925	52,000	33,058	562,867
Total Proprietary Long-Term Debt			1,251,646	742,912	52,000	45,088	749,824
Total Long-Term Debt			1,382,646	742,912	183,000	45,088	880,824

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 8 - CLASS "C" ROADS

The following is a schedule of changes in the Class "C" Road account:

Balance - Beginning of Year		72,000
Receipts:		
State Road Allotment	51,298	
Interest Earnings	<u>2,069</u>	
Total Receipts		53,367
Disbursements:		
Construction and Maintenance		<u>(125,367)</u>
Balance - End of Year		<u><u>-</u></u>

NOTE 9 - IMPACT FEES - WATER AND SEWER

Effective October 1996, the City adopted an impact fee ordinance for Sewer and in December 1997, the City adopted an impact fee ordinance for Water.

The impact fee for Sewer is as follows:

Until and unless modified by a subsequent resolution by the City Council, an impact fee of \$1,500 per Equivalent Residential Unit shall be imposed with respect to any new development to be connected to the System.

The impact fee for Water is as follows:

<u>Type Of Use</u>	<u>Average Winter Usage Category</u>	<u>Rate</u>
Class 1 Residential	12,000+/- Gallons	2,300
Class 2 Light Commercial	0 To 36,000 Gallons	3,550
Class 3 Medium Commercial	36,000 To 60,000 Gallons	4,500
Class 4 Heavy Commercial	60,000 Gallons +++	5,000

The City Council may, by resolution, change the impact fee at any time by a notice and hearing as provided for in the ordinance.

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 9 - IMPACT FEES - WATER AND SEWER (CONTINUED)

The City is required to place these impact fees into a separate interest bearing account and may expend these funds only on capital improvements, retiring debt for the system, or other expenditures as allowed by law. These funds must be expended within six years from receipt or the funds must be returned with interest to the payor.

The following is an accounting of impact fees collected, interest earned, and funds expended:

Sewer:

		<u>Amount</u>	<u>Interest</u>	<u>Total</u>
1996-1997	Receipts	2,300.00	28.75	2,328.75
1997-1998	Receipts	13,800.00	373.75	14,173.75
1998-1999	Receipts	15,500.00	620.66	16,120.66
1999-2000	Receipts	31,500.00	866.50	32,366.50
2000-2001	Receipts	23,900.00	2,321.43	26,221.43
2001-2002	Receipts	29,600.00	1,255.02	30,855.02
2002-2003	Receipts	6,400.00	956.56	7,356.56
2003-2004	Receipts	8,700.00	769.74	9,469.74
2004-2005	Receipts	<u>12,400.00</u>	<u>487.92</u>	<u>12,887.92</u>
	Total	<u>144,100.00</u>	<u>7,680.33</u>	<u>151,780.33</u>
1998-1999	Expended	(7,050.00)	-	(7,050.00)
1999-2000	Expended	(31,350.00)	-	(31,350.00)
2000-2001	Expended	(9,700.00)	-	(9,700.00)
2001-2002	Expended	(24,000.00)	(509.70)	(24,509.70)
2002-2003	Expended	(5,100.00)	-	(5,100.00)
2003-2004	Expended	(23,000.00)	(4,890.30)	(27,890.30)
2004-2005	Expended	<u>(14,620.00)</u>	<u>(5,000.00)</u>	<u>(19,620.00)</u>
	Total	<u>(114,820.00)</u>	<u>(10,400.00)</u>	<u>(125,220.00)</u>
	Total Sewer	<u>29,280.00</u>	<u>(2,719.67)</u>	<u>26,560.33</u>

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 9 - IMPACT FEES - WATER AND SEWER (CONTINUED)

Water:

		<u>Amount</u>	<u>Interest</u>	<u>Total</u>
1997-1998	Receipts	6,600.00	6.48	6,606.48
1998-1999	Receipts	14,700.00	358.96	15,058.96
1999-2000	Receipts	8,100.00	440.05	8,540.05
2000-2001	Receipts	12,300.00	986.89	13,286.89
2001-2002	Receipts	16,400.00	342.05	16,742.05
2002-2003	Receipts	4,200.00	368.68	4,568.68
2003-2004	Receipts	5,700.00	177.29	5,877.29
2004-2005	Receipts	<u>8,100.00</u>	<u>350.52</u>	<u>8,450.52</u>
	Total	<u>76,100.00</u>	<u>3,030.92</u>	<u>79,130.92</u>
1999-2000	Expended	(19,200.00)	-	(19,200.00)
2000-2001	Expended	(15,200.00)	-	(15,200.00)
2001-2002	Expended	-	-	-
2002-2003	Expended	(6,000.00)	(950.00)	(6,950.00)
2003-2004	Expended	(12,000.00)	(850.00)	(12,850.00)
2004-2005	Expended	<u>-</u>	<u>-</u>	<u>-</u>
	Total	<u>(52,400.00)</u>	<u>(1,800.00)</u>	<u>(54,200.00)</u>
	Total Water	<u>23,700.00</u>	<u>1,230.92</u>	<u>24,930.92</u>

NOTE 10 - TRANSFERS

<u>Description</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	-	2,000
Sanitation	<u>2,000</u>	<u>-</u>
	<u>2,000</u>	<u>2,000</u>

Transfers were made for the following purposes:

- * The General Fund transferred \$2,000 to the Sanitation Fund for operating costs.

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 11 - STATE RETIREMENT PLANS
PENSION PLAN

Local Governmental - Cost Sharing:

Plan Description:

Centerfield City contributes to the Local Governmental Noncontributory Retirement System which is a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). The System provides refunds, retirement benefits, annual cost of living adjustment and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that included financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy:

Centerfield City is required to contribute a percent of covered salary to the following system; 11.09% to the Noncontributory System. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Centerfield City contributions to the various systems for the years ending June 30, 2005, 2004 and 2003 respectively were; for the Noncontributory System, \$9,771.20, \$0.00 and \$0.00. The contributions were equal to the required contributions for each year.

NOTE 12 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries and disasters. The City maintains insurance coverage for most all risks through the Utah Local Government Trust including general liability, errors and omissions, property damage, and other coverages. The Trust also provides medical and health coverage for the City.

Claims have not exceeded coverage in any of the last three calendar years.

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is used to assist in formatting, for easier reading)

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

**CENTERFIELD CITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note A)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, 2004	<u>185,345</u>	<u>185,345</u>	<u>185,345</u>	<u>-</u>
Resources (Inflows):				
Taxes:				
General Property Taxes	17,640	17,254	17,478	224
Prior Year Property Taxes	1,600	1,800	3,575	1,775
Fee-In- Lieu of Property Taxes	7,500	7,500	7,471	(29)
General Sales and Use Taxes	75,000	70,000	92,964	22,964
Franchise	<u>40,000</u>	<u>35,000</u>	<u>78,047</u>	<u>43,047</u>
Total Taxes	<u>141,740</u>	<u>131,554</u>	<u>199,535</u>	<u>67,981</u>
Licenses and Permits:				
Business Licenses	1,900	1,900	2,447	547
Animal Licenses	<u>1,900</u>	<u>1,750</u>	<u>1,425</u>	<u>(325)</u>
Total Licenses and Permits	<u>3,800</u>	<u>3,650</u>	<u>3,872</u>	<u>222</u>
Intergovernmental Revenue:				
Class C Road	60,000	56,000	51,298	(4,702)
State Liquor Allotment	962	113	1,084	971
State Grants	<u>20,000</u>	<u>30,515</u>	<u>30,945</u>	<u>430</u>
Total Intergovernmental Revenue	<u>80,962</u>	<u>86,628</u>	<u>83,327</u>	<u>(3,301)</u>
Charges for Services:				
Fire District	7,725	7,725	8,077	352
Animal Control	50	50	50	-
Cemetery	<u>1,200</u>	<u>1,200</u>	<u>941</u>	<u>(259)</u>
Total Charges for Services	<u>8,975</u>	<u>8,975</u>	<u>9,068</u>	<u>93</u>
Miscellaneous Revenue:				
Interest	6,250	11,700	11,328	(372)
Other	3,800	125,950	10,215	(115,735)
Use of Fund Balance	<u>133,938</u>	<u>33,208</u>	<u>-</u>	<u>(33,208)</u>
Total Miscellaneous Revenue	<u>143,988</u>	<u>170,858</u>	<u>21,543</u>	<u>(149,315)</u>
Amounts Available for Appropriation	<u>564,810</u>	<u>587,010</u>	<u>502,690</u>	<u>(84,320)</u>

Continued

**CENTERFIELD CITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance With Final Budget Positive (Negative)
	Original	Final		
Charges to Appropriations (Outflows):				
Administration:				
Salaries and Wages	21,660	21,660	21,193	467
Employee Benefits	6,800	9,000	6,027	2,973
Utilities	12,940	12,940	12,635	305
Supplies and Services	12,400	12,400	9,711	2,689
Insurance	2,800	2,800	2,983	(183)
Building Maintenance	1,500	1,500	2,304	(804)
Other	9,675	9,675	7,525	2,150
Capital Outlay	10,000	30,000	18,855	11,145
Total Administration	77,775	99,975	81,233	18,742
Public Safety:				
Salaries and Wages	23,260	23,260	22,519	741
Employee Benefits	10,720	10,720	9,285	1,435
Supplies and Services	6,000	6,000	10,388	(4,388)
Fire Protection	7,400	7,400	6,720	680
Animal Control	400	400	2,893	(2,493)
Fire District	7,300	7,300	7,432	(132)
Other	13,795	13,795	8,851	4,944
Capital Outlay	1,000	1,000	1,095	(95)
Total Public Safety	69,875	69,875	69,183	692
Highway and Streets:				
Streets and Highways	7,800	7,800	7,744	56
Class C Roads	180,615	181,365	180,741	624
Total Highways and Streets	188,415	189,165	188,485	680
Culture and Recreation:				
Recreation	14,400	14,500	14,480	20
Parks	8,100	8,100	2,817	5,283
Cemetery	18,000	18,000	14,448	3,552
Community and Economic Development	900	50	-	50
Total Culture and Recreation	41,400	40,650	31,745	8,905
Nondepartmental:				
Transfer to Other Funds	2,000	2,000	2,000	-
Total Charges to Appropriations	379,465	401,665	372,646	29,019
Budgetary Fund Balance - June 30, 2005	185,345	185,345	130,044	(55,301)

CENTERFIELD CITY
NOTE A
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION

For The Fiscal Year Ended June 30, 2005

	<u>General Fund</u>
Sources/Inflows and Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules.	502,690
Differences - Budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	<u>(185,345)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>317,345</u></u>
Uses/Outflows of Resources:	
Actual amounts (budgetary Basis "total charges to appropriations" from the budgetary comparison schedules.	372,646
Differences - Budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting pruposes.	<u>(2,000)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>370,646</u></u>

**COMBINING FINANCIAL
STATEMENTS AND SCHEDULES**

**CENTERFIELD CITY
NONMAJOR GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2005

SPECIAL REVENUE FUND

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Municipal Building Authority:

The Municipal Building Authority Fund is used to construct public facilities in the City and to pay the indebtedness related to the cost of those facilities.

CAPITAL PROJECTS FUND

Capital Projects:

The Capital Projects Fund is used to account for the acquisition of capital assets or construction of major capital improvements.

PERMANENT FUND

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Perpetual Care Fund:

This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the community cemetery.

**CENTERFIELD CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2005

	<u>Municipal Building Authority</u>	<u>Capital Projects</u>	<u>Permanent Fund Perpetual Care</u>	<u>Nonmajor Government Funds</u>
ASSETS				
Investments - Unrestricted	<u>138,697</u>	<u>65,000</u>	<u>63,342</u>	<u>267,039</u>
TOTAL ASSETS	<u><u>138,697</u></u>	<u><u>65,000</u></u>	<u><u>63,342</u></u>	<u><u>267,039</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Reserved For:				
Perpetual Care Fund	<u>-</u>	<u>-</u>	<u>63,342</u>	<u>63,342</u>
Capital Outlay	<u>138,697</u>	<u>-</u>	<u>-</u>	<u>138,697</u>
Unreserved, Reported in:				
Capital Projects Fund	<u>-</u>	<u>65,000</u>	<u>-</u>	<u>65,000</u>
Total Fund Balances	<u><u>138,697</u></u>	<u><u>65,000</u></u>	<u><u>63,342</u></u>	<u><u>267,039</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>138,697</u></u>	<u><u>65,000</u></u>	<u><u>63,342</u></u>	<u><u>267,039</u></u>

CENTERFIELD CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For The Year Ended June 30, 2005

	<u>Municipal Building Authority</u>	<u>Capital Projects</u>	<u>Permanent Fund Perpetual Care</u>	<u>Nonmajor Government Funds</u>
Revenues:				
Miscellaneous	<u>30,197</u>	<u>-</u>	<u>399</u>	<u>30,596</u>
Expenditures:				
Capital Outlays	<u>22,500</u>	<u>-</u>	<u>-</u>	<u>22,500</u>
Excess of Revenues Over (Under) Expenditures	<u>7,697</u>	<u>-</u>	<u>399</u>	<u>8,096</u>
Other Financing Sources (Uses):				
Loan Proceeds	<u>131,000</u>	<u>-</u>	<u>-</u>	<u>131,000</u>
Net Change in Fund Balance	138,697	-	399	139,096
Fund Balances - Beginning	<u>-</u>	<u>65,000</u>	<u>62,943</u>	<u>127,943</u>
Fund Balances - Ending	<u><u>138,697</u></u>	<u><u>65,000</u></u>	<u><u>63,342</u></u>	<u><u>267,039</u></u>

COMPLIANCE SECTION

Kimball & Roberts

Certified Public Accountants

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council
Centerfield City
Centerfield, Utah 84622

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Centerfield City as and for the year ended June 30, 2005, which collectively comprise Centerfield City's basic financial statements and have issued our report thereon dated October 7, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting


In planning and performing our audit, we considered Centerfield City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Centerfield City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Honorable Mayor and City Council
Centerfield City
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This report is intended solely for the information and use of the audit committee, management, City Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

October 7, 2005
Richfield, Utah

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

Honorable Mayor and City Council
Centerfield City
Centerfield, Utah 84622

We have audited the basic financial statements of Centerfield City, for the fiscal year ended June 30, 2005, and have issued our report thereon dated October 7, 2005. As part of our audit, we have audited Centerfield City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the fiscal year ended June 30, 2005. The City received the following major State assistance programs from the State of Utah:

C Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)

The City also received the following nonmajor grants, which are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of Centerfield City's financial statements.)

Test Well (Department of Environmental Quality)
Historical Grant (State Historical Society)

Our audit also included testwork on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Property Tax
Other Compliance Requirements

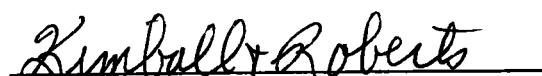
The management of Centerfield City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

Honorable Mayor and City Council
Centerfield City
Page -2-

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, Centerfield City, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance programs for the fiscal year ended June 30, 2005.



KIMBALL & ROBERTS, P. C.
Certified Public Accountants

October 7, 2005
Richfield, Utah